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M0210008
TAB 2918
cc: Tom



Palladon Iron Corporation • Iron Bull Mining & Milling
2708 S. Comstock Rd
Cedar City UT, 84720

Phone: 435.572.4531
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March 11, 2009

Mr. Tom Munson
Division of Oil, Gas, and Mining
1594 W. North Temple
Salt Lake City, UT 84116

RE: M/021/008: Submittal of MR-REV stating an increase in the bonded area by 17.72 acres on the Comstock/Mt. Lion Property.

Dear Mr. Munson:

Enclosed is a Form MR-REV, which outlines the additional bonded area of **17.72 acres**. Also enclosed is a revised copy of the IM-0100-3f.6 map, showing the newly bonded area. Revised pages 26 and 41a of the Mining and Reclamation Program are also enclosed.

The newly bonded area is located on pre-disturbed land, with piles of lean ore already covering the area. This will be the new site for a lean ore stockpile. The iron ore that is, and will be stockpiled there is composed of the same material that is already permitted in the existing Mining and Reclamation Program, so no variances to reclamation are requested.

Please call me if you have any questions.

Sincerely,

Bruce Yeomans
Mine Manager

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encl: Clean copies of text, maps, DOGM Amendment form

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Inter. Wheatgrass	Agropyron Intermedium	2.0
Ladac Alfalfa	Medicago Sativa	2.0
Yellow Sweetclover	Melilotus Officinalis	1.5
Small Burnett	Sangvisorba Minor	2.0
Palmer Penstemon	Penstemon Palmeri	0.5
Rabbitbrush	Chrysothamnus Nauseous	0.5
Curleaf Mtn. Mahogany	Cercocarpus Ledifolius	1.0
Bitterbrush	Purshia Tridentata	1.0
Mountain sagebrush	Atemisia Tridentata Vaseyana	0.1
Forage kochia	Kochia Prostata	0.5
	Totals	16.6

* Plant names are the same as is written in original 1995 version.

When drill seeded, the broadcast rate will be reduced by 1/3.

The operator will reserve the right to alter this seed mix depending on relative availability of the seed.

If such an eventuality arises, DOGM will be duly notified.

10.0 ENVIRONMENTAL IMPACT ASSESSMENTS FOR AREAS NOT PREVIOUSLY PERMITTED

Due to a Revision to this NOI in 2009, an additional 17.72 acres have been bonded as a location for lean ore stockpiles. The area chosen can be seen on the Drawing IM-0100-3f sheet 6 of 6. This area was chosen because it is pre-disturbed, with piles of lean ore already covering the area. Because of this, no further environmental impacts will be caused. The material that will be stockpiled is composed of the same material (iron ore) that is already permitted, so no variances to the reclamation plan are needed.

Due to a Revision to this NOI approved in 2008, the South Waste Dump will be extended by 60.4 acres into the S ½ SE ¼ Section 30 and the N ½ NE ¼ Section 31, T36S, R13W. Approximately 48 acres of this is on lands bonded in 2008, while 12.4 acres is expansion within previously bonded area. An additional 3.6 acres that was previously bonded but not disturbed will be used for topsoil storage. A total of 64 acres will be disturbed to develop the South Waste Dump extension. These lands are all shown on Figure IM-0100-3, IM-0100-3f, IM-0100-12, and IM-010013.

The estimated number of acres to be disturbed and reclaimed per year for this waste dump expansion beyond what was disturbed as of July 2005 is listed below, by year:

YEAR	DISTURBED ACRES	RECLAIMED ACRES
2008	10	0
2009	43	0
2010	11	0
2011	0	0
2012	0	0
TOTAL	64	0

Reclamation will not commence until after the dump is at its final configuration, which will not occur until after this five-year term is complete. Topsoil salvage and storage, and reclamation procedures for the South Waste Dump are described on pages 37 through 38 of this NOI. The post-mining topography for the waste dump is shown on Figure 0100-13, and cross-sections are shown on Figure 0101-9.

The following impacts of disturbance are expected (U.S. BLM, 1984).

- Impacts to soils and vegetation will be moderate as previously discussed. After reclamation, a cover of native shrubs and grasses will be established on the disturbed areas, recognizing that certain Pre-Act areas may require a variance due to lack of any vegetative or

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The current surety held by Palladon is \$1,299,100.00, as requested by DOGM in a memo dated February 1, 2005. This value has been increased due to various factors that are explained below. The calculations used to arrive at the revised bond amount are at the front of Appendix A.

A reclamation credit of \$52,510.00 has been taken for those old Geneva structures that are shown on the 1995 drawings that have been demolished as of 2006. This credit was figured by determining the percent increase in the bond between 1995 (when the last detailed bond analysis was done) and 2005 (when DOGM approved the transfer of the mine to Palladon). This was a 31 percent increase. Thus, buildings that were bonded at \$0.19 per cu. ft. in 1995 were assumed to be bonded at (\$0.19/cu. ft. x 31 percent = \$0.25/cu. ft.) in 2005 and 2006 when the buildings were demolished.

A reclamation cost increase of \$29,842.00 has been added to the reclamation liability for those structures that have been or will be constructed since 1995. This bond liability increase is based on \$0.31/cu ft, and is derived from RS Means data for 2008. The locations and sizes of the 17 structures that were demolished or constructed are shown on Drawing IM-Load out.

An additional **48.0 acres** will be disturbed by the extension to the south of the Comstock Waste Dump. The average cost per acre for reclamation liability is \$3,115.00. This figure, applied to the **48** new disturbance acres, increases the bond liability by **\$149,537.00**. The new area to be disturbed is identified in Drawings IM-0100-3, sheet 6 of 6 and IM-0100-3f, sheet 6 of 6.

An additional **17.72 acres** will be bonded to allow for the construction of a lean ore stockpile. The area is pre-disturbed, with existing piles of lean ore already covering the area. The average cost per acre for reclamation liability is \$3,115.00. This figure, applied to the 17.72 new disturbance acres, increases the bond liability by **\$55,197.80**. The new area to be disturbed is identified in Drawing IM-0100-3f, sheet 6 of 6.

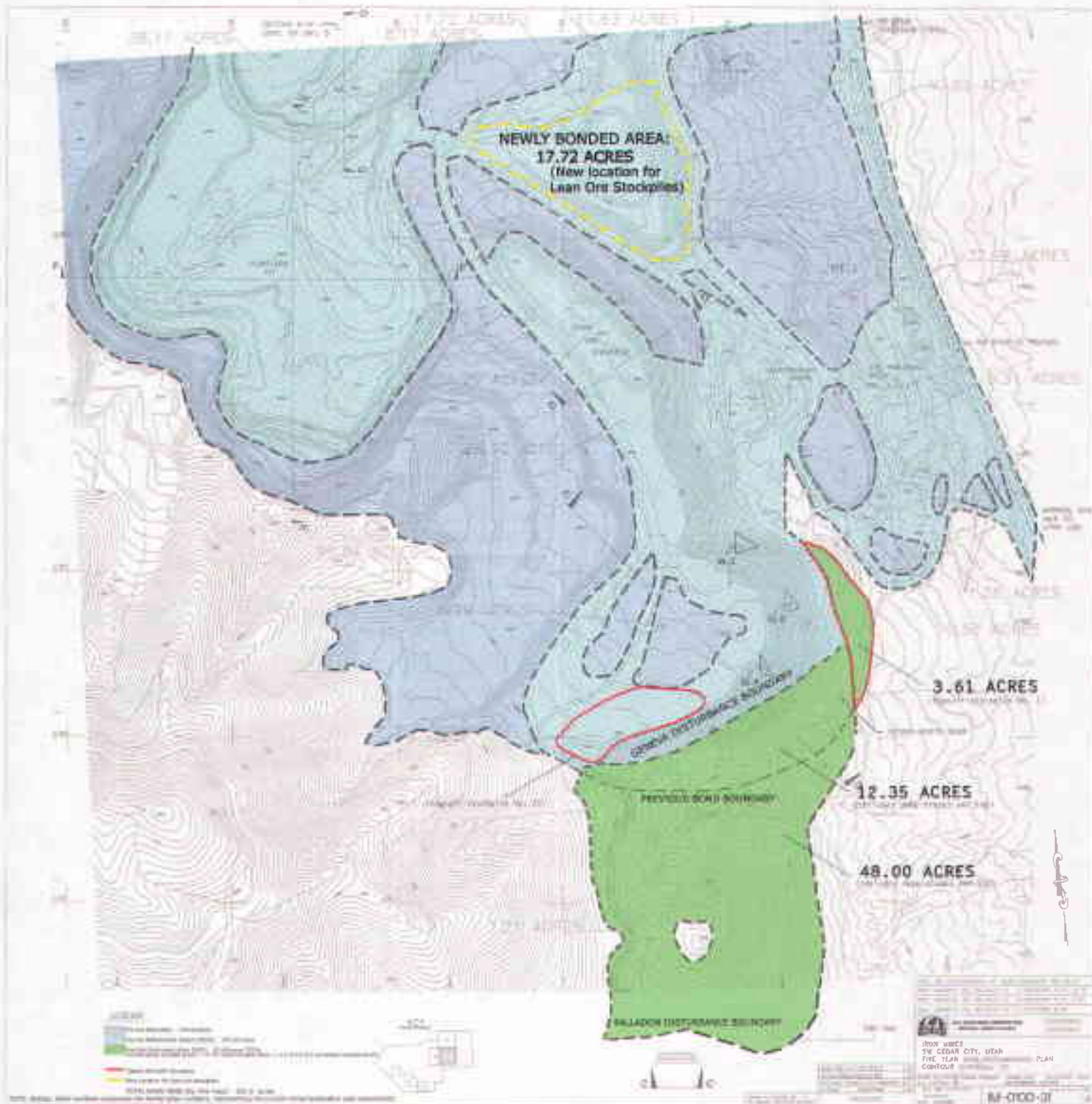
The total bond liability for Palladon mine for the next 5-year term commencing in 2008 is **\$1,426,000.00, an increase of \$126,900.00** which also accounts for a credit for the previous demolition from the reclamation bond amount set by DOGM in 2005.

Calculations and descriptions of reclamation requirements are included in Appendix A. An updated reclamation liability summary sheet based on the 2005 correspondence from DOGM that covers the changes noted in the paragraph above is included at the beginning of that appendix. A summary of each of the disturbance areas and factors relevant to the reclamation status (pre-act disturbance, etc.) is found in Section 12.2. Backup information for purposes of volume calculations is also found in Drawings IM-0101-1 through IM-0101-8. Geneva understands that

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